Allied Solutions

Allied INSIGHTS

Fraud & Security RISK ALERTS

Timely insights to protect against fraud and mitigate risks

HOLIDAY FRAUD SURGE

SUMMARY

During the holiday season, financial institutions tend to see a surge in fraud as scammers exploit increased online shopping, higher volumes of financial activity, especially cash transfers, and evolving cybercrime tactics, leading to more scams such as phishing, fake account-notification messages, and non-delivery fraud.

FACTORS CONTRIBUTING TO THE INCREASE

- **Higher transaction volume:** The sheer increase in online and in-store purchases creates more opportunities for fraudsters to operate undetected.
- **Stretched fraud detection teams:** Increased activity can overwhelm internal fraud detection systems, making it harder to spot suspicious behavior.
- **Behavioral shifts:** Consumer spending patterns change during the holidays with gift-giving and travel, which can complicate traditional fraud detection models that rely on predictable spending habits.
- **Increased digital payments:** The rise of online shopping leads to a spike in card-not-present attacks, phishing, and account takeovers.
- **Check fraud:** There is a surge in mail and financial transactions during the holidays, which creates a perfect environment for check theft and forgery.
- **First-party fraud:** This occurs when customers exploit return/refund policies for financial gain. These schemes include disputing legitimate charges, falsely reporting lost or stolen deliveries, and making purchases with no intention of paying.
- **Phishing, vishing, and smishing:** Scammers send fake emails, phone calls, or texts impersonating legitimate financial institutions, retailers, or shipping companies to steal sensitive information.
- **P2P (peer-to-peer) payment scams:** Scammers impersonate friends, family members, or banks to trick victims into sending them money through apps like Zelle, Venmo, or PayPal.

MITIGATING STEPS

- **Educate accountholders:** Financial institutions should educate accountholders on best practices, such as verifying sources, protecting personal information, and recognizing scam red flags.
- **Enhance internal systems:** Consider implementing behavioral analytics, biometrics, advanced AI-powered fraud detection, and other technologies, which can help institutions identify and prevent fraudulent transactions in real-time, even during the holiday surge.
- **Offer security tools:** Financial institutions should encourage accountholders to use multifactor authentication, personal account alerts, and other account protection tools.
- **Increase monitoring:** Financial institutions should increase monitoring of transactions during the holiday season to detect unusual or suspicious activity.

RISK MITIGATION RESOURCES

- Sign up for our **Let's Talk Fraud** quarterly webinars
- View additional risk resources

Need assistance or want to request a consultation?
Contact our risk specialists at risk_specialist@alliedsolutions.net

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